

market” of stock and stock derivative products.

The bill also gives the Commodity Futures Trading Commission (CFTC) exemptive authority to remove the cloud of legal uncertainty over the financial instruments known as swap agreements. This uncertainty has threatened to disrupt the huge, global market for these transactions. The bill also will permit exemptions from the Commodity Exchange Act for hybrid financial products that can compete with futures products without the need for futures-style regulation.

The margin and exemptive authority reforms are critical for keeping U.S. financial markets strong and competitive. The Administration first requested them 2 years ago, and I am delighted that they now have been adopted.

The bill strengthens the ability of the CFTC to police the futures markets, impose tougher penalties on wrongdoers, and obtain assistance from foreign futures regulators. These provisions will further enhance the reputation of the United States as the safest and best place in the world to conduct trading.

Two provisions of the Act could be interpreted in a manner that would raise constitutional concerns and will, therefore, be construed so as to avoid those concerns.

Section 215 purports to direct me to ap-

point persons to the CFTC who meet certain congressionally mandated criteria. This provision raises constitutional concerns by appearing to circumscribe my power under the Appointments Clause to nominate officers of the United States. I shall treat the provision as containing advisory, rather than mandatory, criteria for appointment.

Section 213(a)(2) directs the CFTC to issue regulations specifying the circumstances under which the governing board of a contract market may issue, without prior CFTC approval but subject to CFTC suspension within 10 days, issue a temporary emergency market rule. To avoid any violation of the Appointments Clause of the Constitution, this section will be construed only to permit the CFTC to waive the usual statutory requirement that it approve such private market arrangements. So construed, the section does not vest exercise of significant governmental authority in the governing boards.

GEORGE BUSH

The White House,
October 28, 1992.

Note: H.R. 707, approved October 28, was assigned Public Law No. 102-546. This statement was released by the Office of the Press Secretary on October 29.

Statement on Signing the Housing and Community Development Act of 1992

October 28, 1992

Today I am signing into law H.R. 5334, the “Housing and Community Development Act of 1992.” This bill establishes a sound regulatory structure for Government-sponsored enterprises (GSEs), combats money laundering, provides essential regulatory relief to financial institutions, authorizes several key Administration housing initiatives, and reduces the risk of lead-based paint poisoning.

This legislation addresses the problems created by the rapid expansion of certain

GSEs in the last decade. It establishes a means to protect taxpayers from the possible risks posed by GSEs in housing finance. The bill creates a regulator within the Department of Housing and Urban Development (HUD) to ensure that the housing GSEs are adequately capitalized and operated safely.

H.R. 5334 includes many of my Administration’s regulatory relief proposals for depository institutions. The regulatory burden that the Congress has placed on our bank-

ing system has reached a staggering level that prevents banks from providing the credit that is necessary to assure economic growth. By reducing the regulatory burden, this bill will assist banks, borrowers, and the economy as a whole.

This legislation also improves the Federal Government's ability to combat money laundering. It penalizes financial institutions convicted of money laundering and strengthens Federal law enforcement capabilities significantly. These provisions create important new tools in fighting the war against illegal drugs and other serious criminal activities.

The bill allows Federal prosecutors to obtain orders forfeiting tens of millions of dollars in assets belonging to drug kingpins that have been moved from the United States to foreign lands. It also authorizes the Government to prosecute those who launder the proceeds of corrupt foreign banks in the United States.

The anti money-laundering provisions of the bill include authority to seize funds belonging to foreign banks involved in criminal activities when those funds are located in interbank accounts in the United States. Interbank accounts, of course, are used to facilitate the transactions of innocent third parties. Because of the potential impact on such transactions, it is important that this seizure authority be used judiciously and with attention to the effect such seizures might have on the interbank payment and clearing system. The Attorney General and the Secretary of the Treasury will work together to ensure coordinated review of such cases.

This legislation also advances the Federal Government's efforts to eliminate lead-based paint hazards, especially among those most vulnerable—young children. The bill would focus inspection and hazard reduction efforts by HUD on older housing stock where the incidence of lead paint is greatest. It also supports the development of State programs to certify contractors who engage in lead-based paint activities.

I regret, however, that the Congress chose to attach these important reforms to a housing bill that contains numerous provisions that raise serious concerns. My Administration worked diligently to craft a

compromise housing bill that would target assistance where it is needed most, expand homeownership opportunities, ensure fiscal integrity, and empower recipients of Federal housing assistance.

I also note that two provisions of the bill must be narrowly construed to avoid constitutional difficulties. Section 1313 would authorize the Director of the newly established Office of Federal Housing Enterprise Oversight within HUD to submit "reports, recommendations, testimony, or comments" to the Congress without prior approval or review by "any officer or agency of the United States." The bill also provides the Director authority, exclusive of the Secretary of Housing and Urban Development, to promulgate safety and soundness regulations and to formulate an annual budget. When a member of the executive branch acts in an official capacity, the Constitution requires that I have the ultimate authority to supervise that officer in the exercise of his or her duties. In order to avoid constitutional difficulties, and without recognizing the Congress' authority to prevent the Secretary from supervising on my behalf an agency within HUD, I will interpret this provision to permit me to supervise the Director through other means, such as through the Office of Management and Budget.

Section 911 of the bill requires the Secretary of Housing and Urban Development to establish guidelines for housing credit agencies to "implement" section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545(d)). That provision requires the Secretary to certify that HUD assistance to housing projects is not more than necessary to provide affordable housing, after taking other Federal and State assistance into account, and to adjust the amount of HUD assistance to compensate for changes in assistance amounts from other sources. To avoid the constitutional difficulties that would arise if section 911 were understood to vest in housing credit agencies the exercise of significant authority under Federal law, I interpret section 911 to permit the Secretary to formulate guidelines under which he will retain the ultimate authority

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to make the determinations required by section 102(d).

GEORGE BUSH

The White House,
October 28, 1992.

Note: H.R. 5334, approved October 28, was assigned Public Law No. 102-550. This statement was released by the Office of the Press Secretary on October 29.

Statement on Signing the Agricultural Credit Improvement Act of 1992

October 28, 1992

Today I am signing into law H.R. 6129, the “Agricultural Credit Improvement Act of 1992,” which modifies the Farmers Home Administration program.

Although I have signed H.R. 6129, I will withhold my approval of H.R. 6138 because it is identical to section 24 of H.R. 6129.

GEORGE BUSH

The White House,
October 28, 1992.

Note: H.R. 6129, approved October 28, was assigned Public Law No. 102-554. This statement was released by the Office of the Press Secretary on October 29.

Statement on Signing the Defense Production Act Amendments of 1992

October 28, 1992

Today I have signed into law S. 347, the “Defense Production Act Amendments of 1992.”

The Defense Production Act (DPA) provides the President with extraordinary authority to establish production and material allocation priorities when the national defense so requires. The DPA expired on March 1, 1992. Enactment of S. 347 restores that authority through September 30, 1995. The availability of these authorities to the President, in the event of unexpected national defense crises, enables him to ensure that the Nation will have the equipment and supplies it needs under all circumstances.

I must, however, note several reservations that I have regarding sections 124, 135, and 163. Section 124 requires the Secretary of Commerce to report to specified congressional committees on the impact of offset

ers of American-made weapons systems. These agreements stipulate, as a precondition of a sale, that the exporter will partially compensate the importer—through either co-production, countertrade, or barter arrangements—for the purchase. The report is to include alternative findings or recommendations on offsets offered by heads of other departments and agencies to the Secretary. I sign this bill with the understanding that this provision does not detract from my constitutional authority to protect the executive branch deliberative process.

Section 135 requires the Government to keep a new data base on America’s businesses. Under section 705 of the DPA, the Government is permitted, for the purpose of collecting information for the data base, to issue subpoenas to America’s businesses, issue administrative search warrants to inspect the premises of America’s businesses,